

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA	*	CRIMINAL NO. 12-231
v.	*	SECTION: I
JON JOHNSON	*	VIOLATION: 18 U.S.C. §371

FACTUAL BASIS

Should this matter have proceeded to trial, the government would have proved the following facts through the introduction of competent testimony and tangible exhibits to establish beyond a reasonable doubt the guilt of the defendant, **JON JOHNSON**:

Background

The defendant, **JON JOHNSON**, controlled the operations and the finances of Ninth Ward Housing Development Corporation (“Ninth Ward”), a non-profit organization with which he, **JON JOHNSON**, was affiliated. Ninth Ward owned a building located at 1008 Jourdan Avenue in the Ninth Ward neighborhood of New Orleans, Louisiana, a location within the Eastern District of Louisiana. Ninth Ward’s property at 1008 Jourdan Avenue was commonly referred to and known as “The Semmes Building.”

The Semmes Building, a three story structure, was formerly a school, the first floor of which was flooded as a result of Hurricane Katrina on August 29, 2005. The second and third floors, including the roof, sustained less severe damage as a result of Hurricane Katrina.

The Federal Emergency Management Administration (“FEMA”), was an agency of the government of the United States of America. After Hurricane Katrina, FEMA made federal grant funds available to certain qualifying individual property owners, civic municipalities, and businesses whose properties and possessions had been damaged and destroyed as a result of the flooding that occurred following Hurricane Katrina. Among the federal grant funds that FEMA made available to applicants were grants specifically designated to assist “private non-profits,” that is, non-governmental non-profits that represented to FEMA their primary objectives to be community involvement and improvement. These grants were referred to by FEMA as Public Assistance Grants.

The distribution of FEMA’s disaster recovery funds was managed by a combination of private sub-contractors, State of Louisiana disaster recovery agencies, and FEMA itself. Among the State of Louisiana’s disaster recovery agencies was the Governor’s Office of Homeland Security and Emergency Preparedness (“GOHSEP”). The various sub-contractors and State of Louisiana disaster recovery agencies, including GOHSEP, were working with and on behalf of FEMA in an effort to efficiently and appropriately distribute federal grant funds.

On March 1, 2006, at the direction of the defendant, **JON JOHNSON**, Ninth Ward filed its initial Request for Public Assistance (Form-90-49) with FEMA. As a result of this initial Request, FEMA opened a Project Worksheet on March 20, 2006. FEMA and GOHSEP then began processing Ninth Ward’s application, preliminarily approving Ninth Ward for a gutting and mold remediation project for the first floor of the Semmes Building in the Fall of 2006.

The New Orleans Health Corporation (“NOHC”) was a non-profit with which the defendant, **JON JOHNSON**, was affiliated and over which he exerted executive control and influence. The defendant, **JON JOHNSON**, also held check-signing authority over an NOHC checking account.

The defendant, **JON JOHNSON**, owned and resided in a house located within the City of New Orleans, Louisiana, a location within the Eastern District of Louisiana. As a result of Hurricane Katrina and the flooding that followed, **JON JOHNSON**’s personal residence sustained flood and storm damage.

The defendant, **JON JOHNSON**, was a candidate for Louisiana State Senate in District 2 for the election that took place on October 20, 2007.

Acts Taken To Convert Government Funds to Personal Use

The defendant, **JON JOHNSON**, conspired with individuals known to the United States Attorney and the defendant to convert to his personal use more than \$1,000.00 in money and funds belonging to the United States by misusing the money and funds provided by FEMA to Ninth Ward by using that money and those funds to pay for expenses related to his campaign for Louisiana State Senate and for purposes unrelated to the operation of Ninth Ward.

Specifically, on March 1, 2006, the defendant, **JON JOHNSON**, along with Individual A, an individual known to the United States Attorney and the defendant who was employed by **JOHNSON** to perform a variety of tasks, submitted to FEMA a Request for Public Assistance on behalf of Ninth Ward. This Request initiated Ninth Ward’s application process in order to qualify the non-profit for financial assistance from FEMA, as reimbursement for gutting the Semmes Building.

The application was completed and submitted through the direction of the defendant, **JON JOHNSON**, and the actions of Individual A, and others known to the United States Attorney and the defendant.

Between December 2006 and March 2007, the defendant, **JON JOHNSON**, hired individuals, including Contractor 1, to perform debris removal and to gut all three (3) floors of the Semmes Building, located at 1008 Jourdan Avenue.

On April 9, 2007, the defendant, **JON JOHNSON**, caused Individual A to submit to FEMA a Reimbursement Request on Ninth Ward's behalf. This request sought compensation for Ninth Ward's purported expenses with respect to the debris removal and gutting of the Semmes Building.

In the Reimbursement Request the defendant, **JON JOHNSON**, caused Ninth Ward, to state that the non-profit had paid \$136,948.91 for the debris removal and gutting of the Semmes Building.

On July 31, 2007, at the defendant, **JON JOHNSON's**, direction approximately \$106,967.52 in grant funds were deposited into a Ninth Ward bank account.

On May 16, 2008, at the defendant, **JON JOHNSON's**, direction approximately \$33,068.70 in grant funds were deposited into a Ninth Ward bank account.

The defendant, **JON JOHNSON**, personally and exclusively directed the use and misuse of the federal funds received by Ninth Ward. At the defendant's direction, other individuals knowingly and willingly conspired with the defendant to use the federal funds received from FEMA to make contributions to and pay expenses for his campaign for the Louisiana State Senate in the summer and fall of 2007 and for other expenditures unrelated to Ninth Ward.

Additionally, the defendant, **JON JOHNSON**, personally and exclusively directed that

\$16,640 in federal funds received by Ninth Ward from FEMA be transferred from Ninth Ward to an NOHC checking account over which the defendant, **JON JOHNSON**, had signatory authority. This transfer of funds took place through four (4) separate transactions between September 10, 2007 and September 27, 2007. Once this Ninth Ward money was in the NOHC account, other individuals knowingly and willingly conspired with the defendant to use the NOHC funds received from Ninth Ward to make contributions to and pay expenses for his campaign for the Louisiana State Senate in the summer and fall of 2007 and for other expenditures unrelated to NOHC.

SBA False Submissions

The Small Business Administration (“SBA”) was an agency of the government of the United States of America. Following Hurricane Katrina, the SBA, provided low-interest loans to private homeowners whose homes had been damaged as a result of Hurricane Katrina.

On June 24, 2006, the defendant, **JON JOHNSON**, applied for a disaster assistance loan from the SBA to help pay for expenses associated with repairing the damage his home had sustained during and as a result of Hurricane Katrina.

In the Fall of 2006, the defendant, **JON JOHNSON**, hired Contractor 1 to renovate his personal residence. The work that Contractor 1 was hired to perform included a complete renovation of the first floor and partial renovations of the second and third floors of **JOHNSON’s** personal residence.

The defendant, along with Contractor 1, also conspired to submit false and fabricated invoices to the SBA purportedly in support of a low interest disaster loan that the SBA had made to the defendant for renovation work that had been performed on the defendant, **JON JOHNSON’s**, personal residence.

Specifically, on July 29, 2008, the defendant, **JON JOHNSON**, along with others known to the United States Attorney and the defendant, submitted to representatives of the SBA three (3) false and fabricated contracts that he claimed to have executed with Contractor 1 for repairs made to the defendant's personal residence. These false and fabricated contracts, which the defendant knowingly and willingly conspired with Contractor 1 to create, were delivered by the defendant, **JON JOHNSON**, to the SBA in an effort to document the manner in which the defendant had spent a low-interest loan the SBA had provided to him. The contracts were created solely for submission to the SBA and did not represent or reflect the amounts paid to Contractor 1 for the work performed on the defendant's personal residence.

Receipt of HUD Funds

The United States Department of Housing and Urban Development Agency ("HUD") was an agency of the government of the United States of America. After Hurricane Katrina, HUD made federal grant funds available to certain qualifying businesses and non-profits whose properties and possessions had been damaged and destroyed as a result of the flooding that occurred following Hurricane Katrina. These funds were administered and distributed by HUD and the Louisiana Economic Development Agency ("LED"), an agency of the State of Louisiana, which at the time was tasked with facilitating the distribution of these HUD grants.

On May 14, 2007, as a result of actions undertaken by and at the direction of the defendant, **JON JOHNSON**, HUD provided approximately \$9,634.00 in federal grant funds to Ninth Ward for the exclusive and sole purpose of re-establishing and assisting Ninth Ward.

On May 12, 2008, as a result of actions undertaken by and at the direction of the defendant, **JON JOHNSON**, HUD again provided approximately \$9,634.00 in federal grant funds to Ninth

Ward for the exclusive and sole purpose of re-establishing and assisting Ninth Ward.

JON JOHNSON

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DANIEL P. FRIEL

Assistant United States Attorney

Massachusetts Bar Roll No. 660583

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JULIAN MURRAY

(Attorney for Jon Johnson)

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